

WSDOT/ACEC- Project Delivery Team
August 4, 2006
Tumwater, Washington

Attendees

ACEC-WA

Rick Door
Duncan Findlay (not attending)
Mary Holland
Mike Mariano
Lisa Reid
Karl Winterstien (not attending)
Dave Mariano (not attending)

WSDOT

Kirk Berg
Doyle Dilley
Mike Horton
Ron Landon
Keith Metcalf
Ken Smith
Rick Smith
Glenn Gilman
Jeff Dailet
Amir Rasaie
Mike Kane
Carol Kirsch, Recorder

Review and Finalize Meeting Agenda

Ken Smith

Consultants will try to be here more regularly. We should expect 75%-80% attendance.

Team Make up and Vision for 2006-2007

K. Smith & J. Villager

Look at the team's website to keep up to date on the team's progress. Ten recommendations are listed on the website. Property taxes were brought back. Deliverables are brought back on line (not a requirement).

We are currently working on a Cost Estimate and Consultant Agreement template.

Would it be within our scope to go with the AASHTO standard (3'-4') for shoulders?
YES.

We are keeping with the original vision of reducing cost.

Mike Horton's last meeting will be in March.

Recommendations

- Set up a direct link to the Deliverables website.
- Give a clear definition of what is required for deliverables. We will be spending a lot of time setting up contracts.

Action Items

- Have another brainstorm session and review our goals.
- Look at new estimating guides.

Mark up on Subconsultants

D. Dilly & M. Kane (handout)

There are a number of reasons to look at consultant reimbursement:

- B&O Taxes are 1.9%, which WSDOT rounds to 2%. Allow markup for overhead costs.
- WSDOT pays significant relocation costs to consultants.
- Risk, oversight, direct cost, and administrative efforts are the four concerns.
- A lot of other states don't allow mark ups. Some other states do allow adjustments if there is no federal money.
- With every incentive there is a disincentive. On the consultant side, there is no incentive to subcontract out. Provide an incentive to use local subs instead of out-of-state subs.
- Texas evidently has a \$50,000 disincentive for key people to leave the project before completion. WSDOT is not seeing a lot of this. Our major problem is there is a shortage of labor force. The hiring process is taking too long and people can't wait; they don't leave the firm, they go to the next project. There has to be some disincentive for key people leaving.
- The feds have a statement for mentoring fee's.
- Make sure there are DBE firms that can make the list. This is to reduce relocation costs. The local firm will be paying taxes here in the state. Most subconsulting is about getting work.
- Local ownership means the corporate or home office is in the local area. The corporate

Local ownership means the corporate or home office is in the local area. The corporate office is where the CEO is located; home means where the region or local office is.

- We are going to try to go to a pass/fail score rather than a number scoring for the On Call Consultant list.

Recommendations

- No minimum mark-up/no minimum for subs.
- 1% incentive for DBE unless mandated by contract.
- Bonus to use DBEs and a double bonus to use local DBEs.
- Change "50 miles" to, "or within 50 miles."
- Look at our solicitation process.

- Draft a recommendation, 4% for management and 1% for other and keep local in there.
- Instead of corporate office, use physical office.
- If not local, give choice of actual relocation costs for key people, or 1%.

Action Items

- Discuss Incentives/Disincentives.
- Mike Kane and Ron Landon work on Consultant Mark Ups recommendation and get back to Ken Smith by close of business August 11, 2006.
- Add Glenn Wagemann to email list.

Incentives and Disincentives Discussion

J. Villager (handout)

Incentives and disincentives should be based on performance of scope, budget, and delivery time. Per Don Nelson, let's look at TexDOT (\$50,000 fine for key people leaving). Is this something we would want to consider? If we score off of key members, yes we should look at this. With WSDOT, if there is going to be a change of key people, we request a letter and then review. If a company gets the project because of a key person, should this be an issue? It's more of an issue when the key person has started the project and then leaves; this is when things get lost.

We have a performance evaluation and it becomes part of the scoring process when hiring the consultant. There is no restriction in the manual to move a key person from a project. It's not prevalent at this point. We need to ask for a minimum commitment. If we pay for relocation, they need to commit. There is enough in the agreement to address the issue.

Consultants try to bring in new people. WSDOT is comfortable with familiarity. You have to prove yourself to show ability.

What method of payment gives best results of cutting 15%. Lump sum project has more incentive for the consultant. Cost plus fixed fee is a chance to lose. EIS, EA, Pre Design should use the hourly rate. PS&E phase is the only place to use the cost plus fixed fee. In other states, the consultant fee is variable, based on performance. This is a performance fee. Lump sum is not used that often. WSDOT has been using Task Orders. This is because WSDOT doesn't know exactly what they want until more information is available. We may be causing additional costs by defining strong ownership of the project.

In Design Build, it's cost effective only after it goes to the consultant. The agreement between prime and subcontractor has an incentive to complete the project. The CRIP process is a shared savings. The overall budget from Design to Build, if project comes in under cost, is it feasible to share the savings with the consultant.

Deliverable expectation can be applied to lump sum. Task orders can be done lump sum.

Local agencies almost always use lump sum. Have the ability to use task orders for lump sum and hourly. Use the process that best fits the task.

General consensus is that the consultant evaluations are taken seriously. There are some that are done in the interim. Evaluations are an incentive for performance. Overall the evaluation process is done too late. If the consultant has a good relationship with the owner, they hear throughout the project. The evaluation form needs to be done differently. It needs to be quantifiable. WSDOT uses this form for selection process. If moving toward prequalification, this should be ongoing through the current project, to decide the best consultant for the upcoming projects.

We need to look at our standards to see if that is causing elevated costs

Recommendations

- Put a time limit allocation for key people.
- Fee should be based on performance.

Evaluate Ideas and – Draft Recommendation?

All

Assignments/Deliverables for Next Meeting

Villager/Smith

- Complete looking at Consultant Mark Up
- Performance fee
- Meet at HDR for next meeting

Action Item

- Move meeting to second Friday of the month. Third Friday for November.